

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

SIMPLICITY HOLDING LIMITED

倩碧控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8367)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”, each a “**Director**”) of Simplicity Holding Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- The Group’s revenue amounted to approximately HK\$91.85 million for the year ended 31 March 2024, representing an increase of approximately HK\$23.15 million or 33.70% as compared to approximately HK\$68.70 million for the year ended 31 March 2023.
- Profit for the year ended 31 March 2024 amounted to approximately HK\$8.25 million, as compared to the loss for the year ended 31 March 2023 of approximately HK\$34.63 million.
- The Group recorded basic earnings per share for the year ended 31 March 2024 of approximately HK cents 0.86 as compared with basic loss per share of approximately HK cents 3.61 for the year ended 31 March 2023.
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

The board of the Directors (the “**Board**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2024 together with the comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Revenue	4	91,852	68,702
Other income	5	1,214	4,658
Other gains and losses, net	5	327	(6,763)
Raw materials and consumables used		(33,160)	(28,806)
Staff costs		(32,296)	(38,842)
Depreciation and amortisation expense		(12,144)	(12,446)
Rental and related expenses		(1,370)	(2,369)
Utilities expenses		(2,970)	(3,151)
Impairment loss under expected credit loss model for trade receivables		(395)	–
Fair value gain on reclassification from financial liabilities at fair value through profit or loss to equity		13,380	–
Other expenses		(15,500)	(17,232)
Finance costs	6	(1,065)	(791)
Profit/(loss) before tax	7	7,873	(37,040)
Income tax credit	8	374	2,415
Profit/(loss) for the year		<u>8,247</u>	<u>(34,625)</u>
Profit/(loss) for the year attributable to:			
– owners of the Company		8,247	(34,625)
– non-controlling interest		–	–
		<u>8,247</u>	<u>(34,625)</u>
Profit/(loss) for the year		8,247	(34,625)
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		–	174
		<u>8,247</u>	<u>(34,451)</u>
Total comprehensive income/(expense) for the year attributable to:			
– owners of the Company		8,247	(34,451)
– non-controlling interests		–	–
		<u>8,247</u>	<u>(34,451)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000 (Restated)
Earnings/(loss) per share			
Basic (<i>HK cents</i>)	10	<u>0.86</u>	<u>(3.61)</u>
Diluted (<i>HK cents</i>)	10	<u>0.84</u>	<u>(3.61)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Non-current assets			
Property, plant and equipment		3,183	3,095
Right-of-use assets		9,874	14,571
Deferred tax assets		95	95
Goodwill		20,722	20,722
Intangible asset		8,303	10,423
Deposits	<i>11</i>	2,606	4,160
		<hr/>	<hr/>
Total non-current assets		44,783	53,066
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		3,908	3,804
Trade other receivables, deposits and prepayments	<i>11</i>	9,544	10,232
Financial assets at fair value through profit or loss		2,948	2,195
Tax recoverable		–	404
Bank balances and cash		8,530	15,526
		<hr/>	<hr/>
Total current assets		24,930	32,161
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Trade and other payables and accruals	<i>12</i>	15,623	15,118
Bank and other borrowings		1,996	2,531
Lease liabilities		6,385	11,154
Financial liabilities at fair value through profit or loss		–	25,403
Tax payable		136	–
		<hr/>	<hr/>
Total current liabilities		24,140	54,206
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net current assets/(liabilities)		790	(22,045)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets less current liabilities		45,573	31,021
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Non-current liabilities		
Deferred tax liabilities	2,256	3,289
Defined benefit plan obligations	330	308
Provision for reinstatement	763	1,575
Bank and other borrowings	2,826	2,049
Lease liabilities	4,954	9,626
	<hr/>	<hr/>
Total non-current liabilities	11,129	16,847
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net assets	34,444	14,174
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Capital and reserves		
Share capital	11,508	9,600
Reserves	22,969	4,607
	<hr/>	<hr/>
Equity attributable to owners of the Company	34,477	14,207
Non-controlling interests	(33)	(33)
	<hr/>	<hr/>
Total equity	34,444	14,174
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 27 January 2017 and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 February 2018. The address of the Company’s registered office and the principal place of business is located at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in restaurant operations, sales of food ingredients and beverage and aircraft’s engine stand repairing and maintenance service.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICIES

(a) New and amendments to HKFRS that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17), *Insurance Contracts*
- Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to HKAS 8, *Definition of Accounting Estimates*
- Amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to HKAS 12 *International Tax Reform-Pillar Two Model Rules*

Except as described below, the application of the new and amendments to the HKFRSs listed above in the current year had no material effect on the Group’s financial performance and positions for the current and prior year and on the disclosures set out in the consolidated financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group applied the initial recognition exemption to lease transactions and had not recognised the related deferred tax. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The details of the impacts on each financial statement line item arising from the application of the amendments are set out below.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group is obliged to pay LSP to Hong Kong employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap. 57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the comparative carrying amount of the LSP liability. This change in accounting policy did not have any impact on the opening balance of equity at 1 April 2022.

The following table summarises the impacts of the changes in accounting policies as a result of application of the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism and Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group's consolidated statement of profit or loss and earnings per share for the year ended 31 March 2024:

	Effect of adoption of the HKICPA guidance HK\$'000	Effect of Amendments to HKAS 12 HK\$'000	Total HK\$'000
Impact on profit/(loss) for the year			
Increase in staff costs	22	–	22
Increase in income tax credit	–	(654)	(654)
(Increase)/decrease in profit for the year attributable to the owners of the Company	22	(654)	(632)

The application of amendments to HKFRSs and the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism has increased the Group's basic earnings per share and diluted earnings per share for the year ended 31 March 2024 by HK cents 0.07 and 0.06 respectively.

The following table summarises the impacts of the changes in accounting policies as a result of application of the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism and Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group's consolidated statement of profit or loss and loss per share for the year ended 31 March 2023:

	As previously reported <i>HK\$'000</i>	Effect of adoption of the HKICPA guidance <i>HK\$'000</i>	Effect of Amendments to HKAS 12 <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Consolidated statement of profit or loss for the year ended 31 March 2023:				
Staff costs	(38,534)	(308)	–	(38,842)
Loss before tax	(36,732)	(308)	–	(37,040)
Income tax credit	43	–	2,372	2,415
Loss for the year	(36,689)	(308)	2,372	(34,625)
Total comprehensive expense for the year attributable to owners of the Company				
	(36,515)	(308)	2,372	(34,451)
Loss per share				
Basic (<i>HK cents</i>)	(3.82)	(0.03)	0.24	(3.61)
Diluted (<i>HK cents</i>)	(3.82)	(0.03)	0.24	(3.61)

The following table summarises the impacts of the changes in accounting policies as a result of application of the HKICPA guidance on the abolition of the MPF-LSP offsetting mechanism and Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group's consolidated statement of financial position at 31 March 2023:

	As previously reported <i>HK\$'000</i>	Effect of adoption of the HKICPA guidance <i>HK\$'000</i>	Effect of Amendments to HKAS 12 <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Consolidated statement of financial position as at 31 March 2023:				
Deferred tax liabilities	(2,345)	–	(944)	(3,289)
Defined benefit plan obligations	–	(308)	–	(308)
Total non-current liabilities	(15,595)	(308)	(944)	(16,847)
Net assets	15,426	(308)	(944)	14,174
Reserves	5,859	(308)	(944)	4,607
Total equity attributable to owners of the Company	15,459	(308)	(944)	14,207
Total equity	15,426	(308)	(944)	14,174
Reconciliation of loss before tax to cash generated from operations for year ended 31 March 2023				
Loss before tax	(36,732)	(308)	–	(37,040)
Increase in defined benefit plan obligations	–	308	–	308

The following table summarises the impacts of the changes in accounting policies as a result of application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the Group's consolidated statement of financial position at 1 April 2022:

	As previously reported HK\$'000	Effect of Amendments to HKAS 12 HK\$'000	As restated HK\$'000
Consolidated statement of financial position			
as at 1 April 2022:			
Deferred tax liabilities	(596)	(3,316)	(3,912)
Total non-current liabilities	(14,490)	(3,316)	(17,806)
Net assets	42,791	(3,316)	39,475
Reserves	33,224	(3,316)	29,908
Total equity attributable to owners of the company	42,824	(3,316)	39,508
Total equity	42,791	(3,316)	39,475

(b) Amendments to HKFRSs in issue but not yet effective

The Group has not applied the following amendments to HKFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these amendments to HKFRSs but is not yet in a position to state whether these amendments to HKFRSs would have a significant impact on its results of operations and financial position:

	Effective for accounting periods beginning on or after
• Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
• Amendments to HKFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
• Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)</i>	1 January 2024
• Amendments to HKAS 1, <i>Non-current Liabilities with Covenants</i>	1 January 2024
• Amendments to HKAS 7 and HKFRS 7, <i>Supplier Finance Arrangements</i>	1 January 2024
• Amendments to HKAS 21, <i>Lack of Exchangeability</i>	1 January 2025

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss (“FVTPL”) and financial liabilities at FVTPL that are measured at fair value at the end of each reporting period.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”) which is also the functional currency of the Company.

4. REVENUE AND SEGMENT REPORTING

Revenue represents the amounts received or receivable from the operations of restaurants, food ingredients and beverage and aircraft’s engine stand repairing and maintenance services in Hong Kong during the year.

Revenue

The amounts of each significant category of revenue recognised during the reporting period were disaggregated as follows:

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
By timing of revenue recognition:		
On a point in time basis:		
Revenue from restaurant operations	48,728	60,415
Revenue from food ingredients and beverage operations		
– sales of noodles (acting as an agent)	805	4,873
– sales of wine	157	600
	<u>49,690</u>	<u>65,888</u>
On over time basis:		
Income of aircraft engine stand repairing and maintenance services	42,162	2,814
	<u>91,852</u>	<u>68,702</u>

Segment revenue and results

Information reported to the executive directors of the Group, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on styles of cuisine serving by the Group’s restaurants to the customers and the type of services provided by the Group.

Specifically, the Group’s reportable segments under HKFRS 8 “Operating Segments” are as follows:

1. Chinese cuisine – Operations of Chinese cuisine restaurants under the brand of “Marsino”.
2. Thai cuisine – Operations of Thai cuisine restaurants under the brand of “Grand Avenue”.
3. Malaysian cuisine – Operations of Malaysian cuisine restaurants under the brand of “Baba Nyonya”.
4. Food ingredients and beverage operations – Provision of agency services in relation to sales of noodles, and sales of wine to external third parties.
5. Aircraft’s engine stand repairing and maintenance services – Provision of aircraft engine stand repairing and maintenance services.

The material accounting policy information of the operating segments are the same as the Group’s material accounting policy information. No operating segments have been aggregated to arrive at the reportable segments of the Group. Segment revenues are all revenue generated from external customers and there was no inter-segment revenue. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs, directors’ emoluments, share-based payment expenses, bank interest income and finance cost on general working capital borrowings.

Year ended 31 March 2024

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i>	Food ingredients and beverage operations <i>HK\$'000</i>	Aircraft's engine stand repairing and maintenance services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>18,797</u>	<u>6,916</u>	<u>23,015</u>	<u>962</u>	<u>42,162</u>	<u>91,852</u>
Segment profit/(loss)	<u>(5,278)</u>	<u>(257)</u>	<u>842</u>	<u>(254)</u>	<u>4,896</u>	(51)
Unallocated other income and other gains						193
Unallocated corporate costs						(6,147)
Fair value gain on reclassification from financial liabilities to equity						13,380
Fair value gain on financial assets at FVTPL						<u>498</u>
Profit before tax						<u><u>7,873</u></u>

Year ended 31 March 2023

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i> (Restated)	Food ingredients and beverage operations <i>HK\$'000</i>	Aircraft's engine stand repairing and maintenance services <i>HK\$'000</i> (Restated)	Total <i>HK\$'000</i> (Restated)
Segment revenue	<u>21,937</u>	<u>15,031</u>	<u>23,447</u>	<u>5,473</u>	<u>2,814</u>	<u>68,702</u>
Segment profit/(loss)	<u>(5,192)</u>	<u>(2,909)</u>	<u>(3,224)</u>	<u>(2,654)</u>	<u>1,224</u>	(12,755)
Unallocated other income and other gains						2,050
Unallocated finance costs						11
Unallocated corporate costs						(25,302)
Fair value gain on financial assets at FVTPL						902
Fair value change on contingent consideration						(3,325)
Gain on disposal of subsidiaries						<u>1,379</u>
Loss before tax						<u><u>(37,040)</u></u>

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

At 31 March 2024

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i>	Food ingredients and beverage operations <i>HK\$'000</i>	Aircraft's engine stand repairing and maintenance services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	<u>3,042</u>	<u>159</u>	<u>2,220</u>	<u>3,763</u>	<u>48,746</u>	57,930
Deferred tax assets						95
Unallocated deposits, prepayments and other receivables						210
Financial assets at FVTPL						2,948
Bank balances and cash						<u>8,530</u>
Consolidated assets						<u>69,713</u>
Segment liabilities	<u>7,091</u>	<u>1,303</u>	<u>6,846</u>	<u>2,627</u>	<u>13,862</u>	31,729
Unallocated trade and other payables and accruals						1,148
Tax payable						136
Deferred tax liabilities						<u>2,256</u>
Consolidated liabilities						<u>35,269</u>

At 31 March 2023

	Chinese cuisine <i>HK\$'000</i>	Thai cuisine <i>HK\$'000</i>	Malaysian cuisine <i>HK\$'000</i> (Restated)	Food ingredients and beverage operations <i>HK\$'000</i>	Aircraft's engine stand repairing and maintenance services <i>HK\$'000</i> (Restated)	Total <i>HK\$'000</i> (Restated)
Segment assets	<u>6,167</u>	<u>2,069</u>	<u>6,051</u>	<u>4,951</u>	<u>48,290</u>	67,528
Deferred tax assets						95
Unallocated deposits, prepayments and other receivables						1,674
Tax recoverable						404
Bank balances and cash						<u>15,526</u>
Consolidated assets						<u>85,227</u>
Segment liabilities	<u>6,567</u>	<u>4,339</u>	<u>11,615</u>	<u>2,125</u>	<u>15,164</u>	39,810
Unallocated trade and other payables and accruals						2,551
Financial liabilities at FVTPL						25,403
Deferred tax liabilities						<u>3,289</u>
Consolidated liabilities						<u>71,053</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than deferred tax assets, certain deposits, prepayment and financial assets at FVTPL, tax recoverable and bank balances and cash.
- all liabilities are allocated to operating and reportable segments, other than certain trade and other payables and accruals, tax payable, contingent consideration and deferred tax liabilities.

5. OTHER INCOME/OTHER GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Reversal of provision for reinstatement	812	–
Employment support scheme (<i>note (a)</i>)	–	402
Promotion income	13	13
Bank interest income	13	66
Subsidies income (<i>note (b)</i>)	17	3,522
Others	359	655
	<u>1,214</u>	<u>4,658</u>
Other gains and losses, net		
Rent concession (<i>note (c)</i>)	–	28
(Loss)/gain on disposal of property, plant and equipment	(160)	1,050
Fair value change on contingent consideration	–	(3,325)
Gain on disposal of subsidiaries	–	1,379
Provision for impairment of property, plant and equipment	–	(1,186)
Provision for impairment of right-of-use assets	(262)	(5,611)
Fair value change on financial assets at FVTPL	498	902
Gain on termination of lease	251	–
	<u>327</u>	<u>(6,763)</u>

Notes:

- (a) Employment support scheme was granted from HKSAR Government in relation to the employment during COVID-19 without unfulfilled conditions or other contingencies attaching to the subsidies.
- (b) Subsidies income was granted from HKSAR Government in relation to the food license without unfulfilled conditions or other contingencies attaching to the subsidies.
- (c) The rent concession had satisfied the practical expedient criteria of HKFRS 16 and the amount recognised in profit or loss to reflect changes in lease payments that arose from COVID-19.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interests on bank and other borrowings	268	32
Interests on lease liabilities	797	759
	<u>1,065</u>	<u>791</u>

7. PROFIT/(LOSS) BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Profit/(loss) before tax has been arrived at after charging:		
Staff costs (including directors' emoluments):		
Salaries and other benefits	31,239	29,798
Contribution to defined contribution retirement benefit schemes	1,035	1,281
Expenses recognised in respect of defined benefit plans:		
– long service payments	22	308
Share-based payment expenses	–	7,455
	<u>32,296</u>	<u>38,842</u>
Auditor's remuneration		
– audit service	680	650
– non-audit service	–	50
Depreciation:		
– owned property, plant and equipment	1,586	3,768
– leased right-of-use assets	8,438	8,501
Amortisation of intangible assets	2,120	177
Provision for impairment of property, plant and equipment	–	1,186
Provision for impairment of right-of-use assets	262	5,611
Write off of property, plant and equipment	292	–
Fair value change on contingent consideration	–	3,325
Share-based payment expenses included in other expenses	–	1,695
Marketing expenses	5,602	78
Short-term lease expenses	<u>1,370</u>	<u>2,369</u>

8. INCOME TAX CREDIT

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Current tax:		
Hong Kong Profits Tax	(659)	43
Deferred tax	1,033	2,372
	<u>374</u>	<u>2,415</u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and accordingly, is not subject to income tax in the Cayman Islands.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of assessable profits of a qualifying corporation are taxed at 8.25%, and assessable profits above HK\$2 million continue to be taxed at 16.5%. For the years ended 31 March 2024 and 2023, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

9. DIVIDENDS

No dividend was paid, declared or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of reporting period (2023: nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	<u>8,247</u>	<u>(34,625)</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	960,000	960,000
Effect of dilutive potential shares — share options	<u>26,740</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>986,740</u>	<u>960,000</u>

The computation of diluted loss per share for the year ended 31 March 2023 did not assume the exercise of the Company's outstanding share option and did not adjust for the effects of the consideration shares issued for the acquisition of a subsidiary in the year ended 31 March 2023 since these potential ordinary shares are anti-dilutive and would result in a decrease in loss per share.

Therefore, the diluted loss per share is the same as the basic loss per share for the year ended 31 March 2023.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables from sales of food ingredients and beverages	395	550
Trade receivables from restaurant operations	850	840
Trade receivables from aircraft engine stand repairing	<u>1,576</u>	<u>3,223</u>
	2,821	4,613
Allowance for expected credit losses	<u>(395)</u>	<u>–</u>
	<u>2,426</u>	<u>4,613</u>
Rental deposits	2,606	4,160
Other deposits	867	1,374
Prepayments and other receivables (<i>note</i>)	<u>6,251</u>	<u>4,245</u>
Total	<u><u>12,150</u></u>	<u><u>14,392</u></u>
Analysed for reporting purposes as:		
Non-current assets	2,606	4,160
Current assets	<u>9,544</u>	<u>10,232</u>
	<u><u>12,150</u></u>	<u><u>14,392</u></u>

There was no credit period granted to individual customers for the restaurant operations. The Group's trading terms with its customers are mainly by cash, octopus card and credit card settlement. The settlement terms of octopus card and credit card companies are usually within 7 days after the service rendered date. All trade receivables from restaurant operations are aged within 7 days after the service rendered date. All trade receivables from sales of food ingredients are aged within 30–90 days based on the invoice date at the end of the reporting period.

The Group has a policy of allowing credit periods ranging from 0 to 90 days to its customers in the sales of food ingredients and beverage operations. Longer credit period is also allowed on a case by case basis. The following is an aged analysis of trade receivables of sales of food ingredients and beverage operations, net of ECL, presented based on the invoice date, which approximated the revenue recognition date for income of food ingredients and beverage operations, as appropriate:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	<u>–</u>	<u>550</u>

The Group has a policy of allowing a credit period ranging from 0 to 180 days to its customers in the aircraft engine stand repairing operations. Longer credit period is also allowed on a case by case basis. The following is an aged analysis of trade receivables of aircraft engine stand repairing, net of ECL, presented based on the invoice date, which approximated the revenue recognition date for income of aircraft engine stand repairing, as appropriate:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	1,576	2,905
91–180 days	–	293
Over 180 days	–	25
	<u>1,576</u>	<u>3,223</u>

The expected credit loss for the trade receivables of engine's repairing is HK\$nil.

12. TRADE AND OTHER PAYABLES AND ACCRUALS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	696	1,299
Salaries payables	1,572	2,607
Accruals and other payables	<u>13,355</u>	<u>11,212</u>
	<u>15,623</u>	<u>15,118</u>

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days. All trade payables are aged within 60 days based on the invoice date at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

BUSINESS OVERVIEW

We are a casual dining full service restaurant operator and up to the date of this report. For the year ended 31 March 2024, we were operating 6 restaurants under 3 brands, namely “Marsino”, “Baba Nyonya” and “Grand Avenue”, and they were all situated across Hong Kong, Kowloon and the New Territories. Among these 6 restaurants, 5 of them were operated by our own whereas 1 of them was operated by a franchisee.

“Marsino” is a Chinese noodle specialist, “Grand Avenue” offers Thai cuisine, and “Baba Nyonya” offers Malaysian cuisine. Each of “Marsino”, “Grand Avenue” and “Baba Nyonya” are founded and operated by our Group except for one of “Baba Nyonya” is operated by a franchisee.

“Marsino” had recorded revenue of approximately HK\$18.80 million during the year ended 31 March 2024, which is equivalent to 20.47% of our total revenue. As compared to the last corresponding period, “Marsino” has experienced a decrease in revenue by 14.31% mainly due to the restaurant industry market was not good and unstable.

“Grand Avenue” had recorded revenue of approximately HK\$6.92 million during the year ended 31 March 2024, which is equivalent to 7.53% of our total revenue. As compared to the last corresponding period, “Grand Avenue” has experienced a decrease in revenue by 53.96% due to the restaurant industry market was not good and unstable.

“Baba Nyonya” had recorded revenue of approximately HK\$23.01 million during the year ended 31 March 2024, which is equivalent to 25.05% of our total revenue. As compared to the last corresponding period, “Baba Nyonya” has experienced a decrease in revenue by 1.88% due to the restaurant industry market was not good and unstable.

The segment of “Food ingredients and beverage” had recorded revenue of approximately HK\$0.96 million during the year ended 31 March 2024, which is equivalent to 1.05% of our total revenue. As compared to the last corresponding period, the segment of “Food ingredients and beverage” has experienced a decrease in revenue by 82.45% due to the restaurant industry market was not good and unstable.

The segment of income of aircraft engine stand repair and maintenance services had recorded revenue of approximately HK\$42.16 million during the year ended 31 March 2024, which is equivalent 45.90% of our total revenue.

FUTURE PROSPECTS

The Group is committed to strengthen our core capabilities to keep on improving its business performance and operating results so as to cope with these challenges and to present satisfactory results and bring favourable returns to our shareholders. In view of the challenges faced by the Group, we will adopt a conservative and cautious approach to operate our businesses. Actions we have taken or are likely to take are:

- 1) Minimising our staff costs by reducing the usage of staff in our restaurants;
- 2) Negotiating with our landlords for rent concession;
- 3) Negotiating with our suppliers for purchase discounts and longer payment terms;
- 4) Expanding the take-away product line such as food pack and ready-to-eat products and increasing marketing efforts and sales stimulating measures;
- 5) Cooperating with food delivery companies to deliver our food to the customers;
- 6) Participating in food fairs to promote our take-away product lines;
- 7) Supplying food materials to a chain of restaurants in Hong Kong;
- 8) Opening new restaurants at lower costs; and
- 9) Refining business strategies to cope with the continuing challenges.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2024, the Group recorded revenue of approximately HK\$91.85 million (2023: HK\$68.70 million), representing an increase of 33.70% compared with the same period of the previous financial year. The increase in revenue was primarily attributed to the business of engineering.

Raw materials and consumables used

For the year ended 31 March 2024, the Group recorded raw materials and consumables used of approximately HK\$33.16 million (2023: HK\$28.81 million), representing an increase of 15.10% compared with the same period of the previous financial year. The increase in raw materials and consumables used was primarily attributed to the cost of business of engineering.

Other income

For the year ended 31 March 2024, the Group recorded other income of approximately HK\$1.21 million (2023: HK\$4.66 million), representing a decrease of 74.03% compared with the same period of the previous financial year. The decrease in other income was primarily attributed to the reduction in subsidies income.

Other gains and losses, net

For the year ended 31 March 2024, the Group recorded net gains of approximately HK\$0.33 million (2023: net losses of HK\$6.76 million), representing decreased in net loss by approximately HK\$7.09 million. Such decrease was mainly due to reduction in provision for impairment of right-of-use assets.

Staff costs

Staff costs was approximately HK\$32.30 million for the year ended 31 March 2024, representing an decrease of approximately 16.84% as compared to approximately HK\$38.84 million for the year ended 31 March 2023. Such decrease was mainly due to the no share-based payment for the year ended 31 March 2024.

Depreciation and amortisation expense

Depreciation and amortisation expenses were approximately HK\$12.14 million and HK\$12.45 million for the year ended 31 March 2024 and 2023 respectively.

Rental and related expenses

The rental and related expenses for the year ended 31 March 2024 amounted to approximately HK\$1.37 million, representing a decrease of approximately 42.19% as compared with that of the year ended 31 March 2023 which amounted to approximately HK\$2.37 million.

Utility expenses

Utility expenses primarily consist of electricity, gas and water supplies of the Group. For the year ended 31 March 2024 and 2023, the total utility expenses amounted to approximately HK\$2.97 million and HK\$3.15 million, respectively and was mainly due to the tightened cost control.

Impairment loss under expected credit loss model for trade receivables

For the year ended 31 March 2024, the Group recorded impairment loss under expected credit loss model for trade receivables of approximately HK\$0.40 million. Such increase was mainly due to increase in expect credit loss of trade receivables.

Fair value gain on reclassification from financial liabilities at fair value through profit or loss to equity

For the year ended 31 March 2024, the Group recorded fair value gain on reclassification from financial liabilities at FVTPL to equity of approximately HK\$13.38 million. The increase was attributed to the acquisition of acquisition of High Smart Engineering Limited (the “**High Smart**”) as the guaranteed profit of not less than HK\$5.2 million for the year ended 31 March 2024 was met by High Smart.

Other expenses

The Group’s other expenses decreased by approximately 10.04% from approximately HK\$17.23 million for the year ended 31 March 2023 to approximately HK\$15.50 million for the year ended 31 March 2024 mainly due to the decrease in business volume in restaurant operation.

Finance costs

The Group's finance costs represented interest on bank and other borrowings and interest on lease liabilities. For the year ended 31 March 2024 and 2023, finance costs were approximately HK\$1.07 million and HK\$0.79 million, respectively. Increased in finance costs is mainly due to increase in interests on bank and other borrowings.

Profit attributable to owners of the Company

For the year ended 31 March 2024, the Group recorded a profit attributable to owners of the Company of approximately HK\$8.25 million, as compared to the loss of approximately HK\$34.63 million for the year ended 31 March 2023. The decrease in loss was mainly due to increase in revenue of engineering's business and the increase in fair value gain on reclassification from financial liabilities at FVTPL to equity.

Dividend

The Board does not recommend any payment of dividend for the year ended 31 March 2024 (2023: Nil).

FOREIGN CURRENCY EXPOSURE

The Group operates in Hong Kong with significant transactions are denominated in Hong Kong dollars and the Group is not exposed to significant foreign exchange exposure.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

CAPITAL COMMITMENTS

As at 31 March 2024, the Group did not have any outstanding capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any material contingent liabilities.

CHARGE ON GROUP ASSETS

At 31 March 2024, the Group did not have any charge of assets.

EVENT AFTER THE REPORTING DATE

There was no significant event after the reporting period for the year ended 31 March 2024.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Company during the year ended 31 March 2024. There is no other plan for material investments or capital assets as at 31 March 2024.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 March 2024 (2023: nil).

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to achieving good corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles and practices as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the GEM Listing Rules and has adopted the CG Code as the code to govern the Company’s corporate governance practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board’s ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

Throughout the year ended 31 March 2024, the Company has complied with the code provisions as set out in the CG Code.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Required Standard of Dealings as the code for securities transactions by the Directors on the guidelines as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his/her compliance with the Required Standard of Dealings during the year ended 31 March 2024.

The Company has also adopted written guidelines as the code for securities transactions by relevant employees of the Group who are likely to possess inside information in relation to the Company or its securities based on the Required Standard of Dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. No incidence of non-compliance of this code by the relevant employees was noted by the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares were held by the public as required under the GEM Listing Rules during the year ended 31 March 2024 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established an audit committee ("**Audit Committee**") with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Lo Cheuk Fei Jeffrey, Mr. Cheung Hiu Fung and Mr. Wang Rongqian. Mr. Lo Cheuk Fei Jeffrey possesses the appropriate professional accounting qualifications and related financial management expertise as required in Rule 5.05(2) of the GEM Listing Rules, and he serves as the chairperson of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of the Group's internal audit function, financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the audited final results of the Company for the year ended 31 March 2024.

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Fan, Chan & Co. Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2024. The work performed by Fan, Chan & Co. Limited did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Fan, Chan & Co. Limited on the preliminary announcement.

For and on behalf of
Simplicity Holding Limited
Choi Pun Lap
Executive Director and Company Secretary

Hong Kong, 28 June 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Choi Pun Lap, Mr. Leung Wai Tai; and the independent non-executive Directors of the Company are Mr. Lo Cheuk Fei Jeffrey, Mr. Cheung Hiu Fung and Mr. Wang Rongqian.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page at www.hkexnews.hk for at least 7 days from the date of its publication. This announcement will also be published and will remain on the website of the Company at <http://www.simplicityholding.com>.